B

FULL COUNCIL – 20 JANUARY 2025

BUDGET 2025/26 – PARISH BUDGET & PRECEPT

1. RECOMMENDATIONS

1.1 That the Full Council approves the budget requirement for expenditure of £783,016 for 2025/26 as set out in **Appendix 1.**

1.2 That the Full Council approve the precept request of £632,716 for 2025/26 financial year;

1.3 That the fees and charges set out in **Appendix 2** be approved;

1.4 That the Report of the Budget Task & Finish Group as set out in **Appendix 3** be noted; and

1.5 That the use of Ear Marked Reserves as set out in **Appendix 4** be approved.

2. PURPOSE

2.1. To agree the budget and precept for the financial year 2025/26.

3. BACKGROUND

3.1. As part of the budget preparation process, the Budget Task & Finish Group met on three occasions to review the budget requirements for the forthcoming year. The findings of the Budget Task & Finish Group is attached at **Appendix 3**.

3.2. Main issues in developing the budget for 25/26:

Staffing salaries: - all staff will be moved onto the National Joint Council pay scale, meaning all staff will receive a slight uplift in their salaries. Moving to NJC ensures that both the Council and staff have greater clarity on their pay settlement moving forward. It also provides for easier budgeting in future years. Whilst no new posts are proposed, two posts will see and increase in their hours. This is set out in greater detail in the Staffing Update report under separate cover.

Project works: - as part of its annual work plan, new projects are proposed. For 2025/26 this includes urgent repair work to the bridge at Knowle Park, upgrading the Council's website to ensure accessibility compliance, funding towards solar panels, hot water tank and additional water connection at the Café to meet legionella risk assessment, funding towards a replacement roof at the library & repairs to pathways at New Century Park. Further information on project works can be found in the Budget Task & Finish Group report.

Play Provision Financial Strategy: The Public Open Space, Community Infrastructure and Play Area Task & Finish Group in their interim recommendations to the Council included a financial strategy to safeguard current play provision. This requires £24,500 per annum.

External pressures: - with Hampshire County Council and some of the Counties

principal authorities (including Eastleigh Borough Council) seeking a devolution deal under the local government reorganization scheme. Towns and Parishes have been asked to consider taking on additional assets and responsibilities. Whilst this is yet to be determined, significant resources will likely be required. It is therefore suggested that £32,000 be set aside for this work. Should this not be spent in the 2025/26 this will be rolled back into the general reserves.

4. RISK ANALYSIS

4.1. A review of the precept increases over the last 10 years has been undertaken by the Finance Officer. As with 2017 and 2018, pressures to delivery projects, changes to employer NI contributions and planning for devolution, at higher than average rise in precept is required.

4.2. Considering the proposed increase, the Finance Officer has undertaken an analysis of the risks associated with the budget setting process. This is set out in Annex 5 of Appendix 3.

5. SUMMARY OF PROPOSALS

5.1. The Council is asked to consider the following elements of the budget:

General:

- That the proposed budget (attached at **Appendix 1**) be approved.
- That the precept of £632,716 be approved.

Precept & Fees & Charges:

- That there be an increase in the 2025/26 precept of 43p per band D property per week or £22.27 per annum. Increase from £117.20 - £139.47
- That the fees and charges attached at **Appendix 2** be approved.

Staffing budget:

- Staff budget of £442,108 be set.
- That the staff budget set out in **Staff Salaries Report** under a separate item be approved (confidential paper)

Use of Ear Marked Reserves:

- That the Ear Marked Reserves, as set out in **Appendix 4** be agreed.

6. CONCLUSION

6.1. The Budget Task & Finish Group and the Finance Committee (in relation to staff salaries) have both undertaken a thorough review of the proposed budget for 2025/26.

Once approved by Full Council this will be sent to Eastleigh Borough Council as part of their council tax setting.

For further information contact:
Mel Stephens, Parish Clerk
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Or

Jo Cahill, Responsible, Finance Officer
Email: finance@fairoak.gov.uk

Appendices:

Appendix 1 – Full Budget 2025/26
Appendix 2 – Fees & Charges 2025/26
Appendix 3 – Budget Task & Finish Group Report
Appendix 4 – Ear Marked Reserves

Appendix 1

		Last year			Current year		2025/26
		Budget	Actual		Budget	Actual	Budget
100	Income						
1076	Precept	495,030	495,019		530,338	530,338	632716
1090	Interest Received	3,000	17,431		14,000	8,698	14000
1300	Football Income	4,500	3,904		4,500	695	4500
1310	Cricket Income	2,600	2,500		2,600	0	4500
1550	Tennis Income	2,000	1,984		2,000	2,021	2000
1900	Other Income	500	29,551		500	8,944	17000
1905	Section 106 Income	0	68,712		0	89,587	0
1200	Hiring Fees Parish Office						10000
1200	Hiring Fees woodlands	40000	27,308		40000	25,386	45000
1200	Hiring Fees Pavilion	500	20		500	-196	100
1200	Hiring Fees Horton Heath	30000	28,116		25000	19,477	31200
1500	Allotment	4000	3,158		4000	3,438	4000
1520	Burial	7500	9,487		7500	5,575	9000
1530	Cremation	4000	362		3000	484	5000
1540	Memorial	3500	2,416		3500	1,822	4000
		597130	**689968**	**0**	**637438**	**696269**	**783016**
110	Administration						
4000	Salaries	288,493	312,378		328,534	205,258	374464
4010	Employer's Pension	65,366	77,734		66,000	43,358	67644
4030	Sickness/Holiday Cover	2,000	1,568		1,500	2,108	2000
4055	Insurance	16,000	14,852		17,000	19,345	20000
4060	Audit	2,200	1,750		3,207	3,100	3500
4070	Legal & Professional Fees	5,000	5,864		5,000	5,600	5000
4075	Postage	100	130		100	66	150
4080	Stationery	500	412		500	494	500
4085	Printer Consumables	1,380	1,189		1,100	666	780
4090	Admin Maintenance	1,000	1,434		1,000	375	1000
4095	Bank Charges	50	65		50	36	60
4100	Chairman's Allownace	400	337		400	63	400
4105	Conference/Training/Staffin	2,500	4,075		2,500	321	2500
4110	Clothing	1,000	1,378		1,000	406	700
4120	Telephone & Broadband	5,500	2,109		5,500	165	5500
4125	Mobile Phone	1,000	283		500	111	250
4132	Subscriptions	1,000	1,579		1,000	823	1200
4133	Software and support	7,734	8,033		10,900	12,145	14945
4134	Members IT	9,900	5,571		0	65	0
4435	Cleaning	0	0		0	157	0
4450	Equipment - Internal	0	55		0	0	0
4990	Sundry Expenses	700	551		500	17	100
		411,823	**441,347**	**0**	**446,291**	**294,679**	**500693**
Parish office							
4120	Telephone & Broadband	0	44		0	0	
4395	Business Rates	16,320	17,216		17,500	17,216	17500

4400	Gas	2,800	2,714		3,000	1,108	1500
4405	Electricity	2,800	10,208		6,500	1,126	2500
4410	Water	700	919		750	42	500
4415	Repairs	500	55		500	180	500
4425	Health & Safety	3,200	2,902		3,200	2,191	3200
4435	Cleaning	500	1,196		800	1,257	1000
4450	Equipment - Internal	500	404		500	0	500
4680	General Bin Emptying	1,000	1,095		1,000	-161	600
4990	Sundry Expenses	100	125		100	0	100
		28420	**36878**	**0**	**33850**	**22959**	**27900**
210	Machinery and Van						
4300	Machinery - General Repairs	2,000	2,279		3,000	497	4500
4305	Fuel	5,000	5,427		5,000	3,212	500
4310	Road Tax	600	640		700	279	700
4315	Maintenance - Vans	2,500	2,759		2,500	3,419	3500
4320	Vehicle Insurance	3,000	5,204		4,000	3,672	4000
		13,100	**16,309**	**0**	**15,200**	**11,079**	**13200**
230	Crowdhill Community Building						
4120	Telephone & Broadband	700	1,190		700	116	700
4395	Business Rates	7,500	8,177		8,500	10,222	10500
4400	Gas	2,000	4,864		2,500	1,140	2000
4405	Electricity	3,000	8,284		3,000	4,509	3000
4410	Water	350	300		350	388	400
4415	Repairs	1,000	814		1,000	1,569	1000
4420	CCTV Maintenance	100	0		100	0	100
4425	Health & Safety	4,500	5,857		4,500	5,767	6000
4435	Cleaning	500	350		500	604	500
4450	Equipment - Internal	500	31		500	388	500
4455	Equipment - External	500	0		500	2,793	500
4680	General Bin Emptying	1,100	1,808		1,500	1,439	1500
4990	Sundry Expenses	100	0		100	0	100
		21,850	**31,675**	**0**	**23,750**	**28,935**	**26800**
240	Pavilion						
4120	Telephone & Broadband	700	438		700	151	300
4400	Gas	1,000	454		1,000	531	1500
4405	Electricity	1,000	2,314		1,000	627	1600
4410	Water	300	337		1,000	0	500
4415	Repairs	1,000	610		1,000	915	500
4420	CCTV Maintenance	100	0		100	100	100
4425	Health & Safety	2,500	1,694		2,500	1,885	2500
4435	Cleaning	100	230		200	35	200

4680	General Bin Emptying	1,000	1,825		1,000	1,721	2000
		7,700	**7,902**	**0**	**8,500**	**5,965**	**9200**
250	HHCC						
4120	Telephone & Broadband	700	148		700	560	700
4395	Business Rates	3,060	2,502		3,000	3,319	3400
4400	Gas	1,500	-6,542		1,500	323	2500
4405	Electricity	1,500	4,645		3,500	-6,884	2500
4410	Water	400	566		400	294	400
4415	Repairs	800	783		800	360	500
4425	Health & Safety	3,282	1,684		3,282	4,712	5000
4435	Cleaning	100	100		100	25	100
4450	Equipment - Internal	50	0		50	0	50
4595	General Maintenance	300	0		300	0	300
4680	General Bin Emptying	1,000	807		1,000	861	1000
		12692	**4693**	**0**	**14632**	**3570**	**16450**
280	Other Properties						
4480	Bus Shelters	100	100		100	0	100
4485	Memorial	50	0		50	144	50
4490	Memorial Clock	500	0		600	280	600
4505	Village Flowers	3,000	2,762		3,000	1,673	3000
		3,650	**2,862**	**0**	**3,750**	**2,097**	**3750**
290	General Grounds Maintenance						
4530	Equipment - Purchases	26,000	25,959		2,000	1,567	2500
4535	Equipment - Maintenance	1,000	6,330		5,000	4,208	8000
4540	Materials	3,000	4,690		4,000	2,450	4000
		30,000	**36,979**	**0**	**11,000**	**8,225**	**14500**
300	Lapstone Playing Fields						
4575	Cricket (Winter)	800	585		800	939	1000
4580	Football	500	581		800	0	500
4585	Tennis	300	667		300	686	700
4590	Pitch Maintenance	4,500	4,480		4,500	1,586	2500
4595	General Maintenance	800	406		1,300	465	1000
4600	Dog Bin Emptying	600	431		600	58	300
4670	Signs & Bins	50	0		50	37	50
4680	General Bin Emptying	500	77		500	0	300
		8,050	**7,227**	**0**	**8,850**	**3,771**	**6350**
310	Knowle Park						
4595	General Maintenance	7,000	4,004		7,000	2,269	2000
4630	Fencing	500	234		500	0	500
4635	Security	50	0		1,310	1,310	3000
4640	Water Supply -White Tree Cl	100	0		100	0	100
4645	Seating/Bins	2,000	0		2,000	0	500
4670	Signs & Bins	100	40		100	79	100

		9,750	**4,278**	**0**	**11,010**	**3,658**	**6200**
320	New Century Park						
4420	CCTV Maintenance	70	0		70	0	70
4595	General Maintenance	500	654		500	405	250
4680	General Bin Emptying	200	0		200	0	200
		770	**654**	**0**	**770**	**405**	**520**
330	Knowle Hill						
4595	General Maintenance	300	0		100	0	100
360	Oak Walk						
4595	General Maintenance	10	0		100	0	100
370	Daisy Dip						
4595	General Maintenance	100	0		100	0	100
380	Wyvern Meadow						
4595	General Maintenance	100	0		100	0	100
400	Play Areas General						
4595	General Maintenance	600	722		600	0	0
4750	ROSPA Fees	500	0		600	888	900
		1,100	**722**	**0**	**1,200**	**888**	**900**
410	New Century Park Play Area						
4595	General Maintenance	200	137		200	0	500
4993	New Century Park Playarea	500	343		500	382	500
		700	**480**	**0**	**700**	**382**	**1000**
420	Dean Road Play Area						
4595	General Maintenance	100	118		100	0	100
430	Meadowsweet Way Play Area						
4595	General Maintenance	500	41		500	60	250
440	Knowle Park Play Area						
4595	General Maintenance	2,000	0		1,500	419	1000
4670	Signs & Bins	100	119		100	0	100
4675	Signs	50	24		50	0	50
4770	Skatepark	500	0		500	0	500
		2,650	**143**	**0**	**2,150**	**419**	**1650**
450	Pembers Hill Church Yard						
4595	General Maintenance	100	0		100	0	100
460	Pembers Hill Drive						
4595	General Maintenance	1,000	567		2,900	2,455	500

465	Pembers Hill Farm						
4595	General Maintenance						500
470	Upper Barne Copse						
4595	General Maintenance	1,000	1,160		500	1,721	250
480	Crowdhill Drive						
4595	General Maintenance	1,000	811		500	0	500
490	Fair Oak Library						
4425	Health & Safety	500	290		500	240	500
4435	Cleaning	0	35		0	35	0
4595	General Maintenance	3,000	4,277		2,000	35	500
		3,500	**4,602**	**0**	**2,500**	**310**	**1000**
500	Allotments						
4410	Water	300	0		295	0	300
4800	Allotments - Knowle Park	500	412		500	18	100
4805	Allotments - Campbell Way	50	0		50	0	50
4810	Allotments - Knowle Lane Di	1,000	573		500	0	100
4815	Allotmemts - Pest Control	400	0		400	0	400
4820	Allotments - Toilet	1,100	1,223		1,100	766	1100
		3,350	**2,208**	**0**	**2,845**	**784**	**2050**
510	Cemetery						
4410	Water	115	0		115	0	115
4595	General Maintenance	500	0		500	38	500
		615	**0**	**0**	**615**	**38**	**615**
520	Community Cafe						
4595	General Maintenance	0	0		500	288	500
530	Splashpad						
4405	Electricity	0	0		2,000	801	1500
4410	Water	0	0		1,500	4,580	6000
4595	General Maintenance	0	0		500	239	500
4596	Winterization	0	0		1,065	1,065	1065
4597	Summerization	0	0		2,060	2,360	2360
4598	Splashpad Toilets	0	0		500	925	1500
		0	**0**	**0**	**7625**	**9970**	**12925**
540	Environmental Enhancements						
4595	General Maintenance	0	0		1,000	0	0
550	Trees						
4820	Tree Maintenance						500
4825	Tree survey	2,000	1,800		2,000	1,650	2000

4830	Trees - Lapstone Playing Fie	500	380		500	2,140	500
4831	Trees - Knowle Park	500	380		500	540	1000
4832	Trees - New Century Park	500	2,112		500	0	500
4833	Trees - Knowle Hill	500	600		500	0	500
4834	Trees - Lapstone Farm	500	0		500	0	500
4835	Trees - Oak Walk	500	550		500	520	500
4836	Trees - Daisy Dip	500	0		500	420	500
4837	Trees - Wyvern Meadow	500	1,269		500	0	500
4838	Trees - Fair Oak Cemetery	500	720		500	0	500
4839	Trees-HHCC open space	500	1,078		500	0	500
4840	Trees - Crowdhill	0	0		500	0	1000
4841	Trees - Community Orchard	0	0		1,000	0	1000
4842	Trees - Pembers Farm Trees						500
		7,000	**8,889**	**0**	**8,500**	**5,270**	**10500**
600	Other Expenses						
4850	Section 137 - Grants	4,000	4,000		4,500	0	4500
4855	Section 137 - Street Pastors	700	700		700	0	700
4865	Election Expenses	500	0		500	0	500
4870	Youth Project	25,000	25,000		25,000	0	16000
4875	Community Events Expendit	4,000	4,357		4,500	1,856	4500
		34,200	**34,057**	**0**	**35,200**	**1,856**	**26200**
new code	Play asset strategy						24500
new code	Knowle Park pond restoration						15000
new code	Library roof						7313
new code	Café Solar						5000
new code	Café water heater/pressure tank						3000
new code	Splashpad water connection						3000
new code	NCP pathways topdressing/reroll						4000
new code	Weed spraying						1200
new code	Food waste collection						2500
new code	Devolution						32000
							97513
	Total expenditure				645438		783016
	Total income						783016
	Precept requirement						**632716**

Appendix 2

Cost Centre	2023/24 *CIP 4%	2024/2025 CIP 6%	25/26 (CPI est 2.5%)
Allotments			
Campbell Way	16.0	17.0	17.5
KP Full	56.0	60.0	61.5
KP Half	28.0	30.0	31.0
Admin Fee	27.0	29.0	30.0
Bookings - per hour			
Oak Regular	21.0	23.0	24.0
Oak Ad Hoc	26.0	28.0	29.0
Acorn Regular	18.0	19.0	20.0
Acorn Ad Hoc	24.0	26.0	27.0
Leaf Regular	10.0	11.0	11.5
Leaf Ad Hoc	12.0	13.0	14.0
Rsmith Main	14.0	15.0	16.0
Rsmtih Small	7.0	8.0	8.5
Rsmith All	22.0	24.0	25.0
Horton Regular	15.0	16.0	17.0
Horton Ad Hoc	20.0	22.0	23.0
Horton Committee	7.5	8.0	8.5
Pavilion Club Room	9.5	11.0	11.5
Football			
Juniors	31.50	34.0	35.0
Seniors	70.00	75.0	77.0
Cemetery			
Internment Over 18	214	227.0	350.0
Internment ashes	145	154.0	250.0
interments - american	428	454.0	500.0
ERB new adults grave american	846	897.0	950.0
ERB In a Child grave	192	203.0	250.0
ERB Over 18	423	449.0	520.0
ERB Crem Plot	279	296.0	300.0
Headstone	144	153.0	200.0
Vases	110	117.0	150.0
Transfer ERB	50	53.0	100.0

Benches	25/26
delivery and installation	79.0
bench	500.0
plaque	34.0

Tennis	25/26
Annual pass	47.0
Pay and play	11.5

Cricket	24/25	25/26
Seasonal fee	2,500	4,500
Maintenance	850	735

Appendix 3

FAIR OAK & HORTON HEATH PARISH COUNCIL
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Report of the Budget

Task and Finish Group

January 2025

Introduction and background

The Parish Council's ambitions, operations and achievements are underpinned by the budget it sets. The Council's Investment Strategy specifically sets out a priority aim of becoming 'a financially secure council' reflecting the ongoing financial pressures facing local government and the community at large.

The Council has a Corporate Plan, a strategic document which sets out its priorities, ambitions and how it will action this during the lifecycle of the document. This includes projects, events and delivery of services. Setting sufficient budget ensures that the Council is able to meet the objectives set in this document.

The Finance Committee undertakes a scrutiny role in relation to the budget, with the Committee receiving quarterly finance reports. The Full Council, at its monthly meetings, reviews monthly spending and account balances.

Effective budget scrutiny arrangements are expected as part of a robust budget setting process to provide an additional layer of challenge and scrutiny. To achieve this over recent years the Council has undertaken scrutiny of the annual budget setting process through the establishment of a Budget Task and Finish group that leads on the budget setting process.

Budget Task and Finish Group

In line with this established approach, the Budget Task & Finish Group met three times during September, November and January 2024/25 with the Clerk and Finance Officer. With relevant Council officers supplying supporting reports on individual project proposals.

The Task and Finish Group membership consists of Cllrs Couldrey, Douglas and Higby.

Scope

The Group, in undertaking the budget setting process aimed to:

- Examine the current staffing levels, future resource need and salary increases to bring staff salaries back on the National Joint Council pay scale;
- Identify and consider the key budget pressures and strategic financial issues for the Council and how these are being considered and managed;
- Take account of external pressures and demands such as the local government reorganisation, necessary projects and rise in costs of goods and services;
- Consider the draft budget proposals for 2025-6, including the main areas of proposed growth and savings, key budgetary risks and the extent to which the budget proposals reflect the Council's priorities.

Members acknowledged that this is an exceptional budget year, marked by significant changes following the new Government's policies. These changes have far-reaching implications for businesses, employers, and local government organisations alike.

One key impact is the alteration in national insurance contributions, which has increased from 13.25% to 15%. This change has significantly affected the staffing budget, which constitutes 56% of the Council's total expenditure.

The publication of the Devolution White Paper on 16 December 2024 outlined plans for local government reorganisation (LGO). It proposed moving away from the current two-tier system of district and county councils. The Government has expressed its intention to establish new unitary authorities under the Devolution Priority Programme, aiming for completion by April 2027 for priority areas and by April 2028 for remaining authorities.

In response, Hampshire County Council (HCC) has submitted a bid to join the Government's Priority Programme for devolution and to reorganise the county's local government structures. It is highly likely that this bid will be approved. HCC is now collaborating with Isle of Wight Council, Portsmouth City Council, Southampton City Council, and the 11 district councils in Hampshire to develop plans for a single Combined Authority encompassing the four upper-tier authorities.

As a result of these changes, Eastleigh Borough Council will no longer exist by 2028. In preparation for LGO, the Borough Council has asked all towns and parishes within the Borough to consider accepting the transfer of ownership for land holdings and, in some cases, buildings. While the full impact of this transfer on parishes remains unclear, the Task & Finish Group has recommended setting aside funds to support the process. This step is aimed at safeguarding public open spaces in the parish from uncertain ownership and potential future development.

To address these challenges, the Council is being asked to approve a new devolution/LGO budget fund of £32,000.

The Review

Over the course of three meetings, members were given comprehensive presentations from officers setting out in the first instance the business planning and budget setting process that had been adopted for the 2025/26 budget and then leading on to consideration of funding bids for the forthcoming financial year.

The business planning and budget setting process for 2025/26

At their first meeting members of the group were given a detailed walk through of the budget setting process including:

- Staff budget with a proposed staffing increase of 3%, rounded upwards to correspond to NJC pay scales;
- Fees and charges with proposed increases of 2.5% in line with RPI;
- Any opportunities for savings;
- Justifications for any budget increases;
- New budget lines and justifications for these.

As in previous years, the budget setting process also included consultation with key staff such as the Operations Manager and wider Operations team as well as the Deputy Clerk in relation to climate change projects/proposals.

2025/26 draft budget proposals

The Group were given the opportunity to review the draft budget proposals, showing a total budget requirement of £632,716. This was an increase of £102,328 on the previous year. The increase would reflect an increase in real terms £2.27 per annum/ 43p per week on a Band D property.

Income

In reviewing income generation, members considered that there was scope to raise some funds

through general fees and charges by increasing these overall by 2.5% in line with retail price index (RPI). The Finance Officer also predicted a continuation of high interest rates, which would also provide higher income than in previous years through its public sector deposit account. Where project requests were only partially supported (such as the Knowle Park Pond project), the Clerk was asked to seek funding support from elsewhere through grants by putting in bids from the Local Area Committee for Section 106 funds.

Precept - The precept is the amount we receive from Council Taxpayers in Fair Oak. It is usually discussed in terms of the amount a Band D household in Fair Oak will pay for their portion of their bill. Banding is based on the value of a property; the range goes from Band A (lowest) to Band H (highest).

Expenditure

In terms of salary costs and resources, members considered a request to increase the Operations team by increasing the hours of a Grounds Operative by 7.5 hours per week. The staff salary totals £442,108 which includes pension and NI costs.

New budget proposals/requests were also considered and agreed, these included: -

1. Knowle Park Pond - £15k of the £30k was approved (with external support needed)
2. Path repair works at New Century Park - £4,000 (with external support needed)
3. Library roof repair savings scheme - £7,000 (with external support needed)
4. Cafe solar installation - £5,000 (with remaining cost to be match funded by grant funding requests)
5. Play provision financial strategy - £24,500 per annum
6. Website upgrade - £950 necessary to ensure relevant compliance
7. Café water heater/tank - £3,000 required to meet legionella health and safety

New budget lines were also considered and agreed, namely: -

1. Pembers Hill Drive - £1,000
2. Pembers Hill Drive trees – £500
3. Devolution/LGO - £32,000

Budget requests rolled to next year for consideration included: -

• Solar cleaning	£500
• Cafe acoustic panels, hearing loop	Further research required

Budget pressures

Members of the Group asked questions about budgetary pressures throughout the review process and identified some key issues that were having to be managed as part of budget setting process for 2025/26, these included:

- Increase in costs for goods and services
- Rising utility costs

- Increase in employer's contributions
- Local government reorganisation/devolution
- Financial strategies to safeguard existing key assets such as the play provision financial strategy (as recommended by the Public Open Space, Community Infrastructure and Play Area Task & Finish Group)

Financial Risk

A new Financial Risk Matrix has been developed by the Finance Officer. This is a tool used to assess, prioritise, and manage financial risks that may impact the Council's financial stability and operations. It helps the Council identify potential financial risks, assess their likelihood and potential impact, and develop strategies to mitigate or manage these risks effectively. The risk matrix is attached at Appendix 5.

Financial risks affecting a Parish Council include budget shortfalls, unforeseen expenses, fluctuations in funding, poor financial management, legal liabilities, and economic downturns.

Status of general reserves - the General Reserve is for unplanned and emergency expenditure. The level of reserves for a Parish Council should generally be around three months' worth of annual expenditure, depending on the council's specific needs, risks, and financial situation. This ensures the council has sufficient funds to cover unexpected costs or emergencies while maintaining financial stability. For Fair Oak Parish Council, this level should be around £190,000.

Devolution/Local Government Reorganisation - initial reports from Eastleigh Borough Council indicate that new funds will be needed to take on some of the land and assets under emerging devolution deals. Increased costs would include additional staff, vehicle and equipment to help maintain the (potential) extra open spaces, extension/refurbishment of the current workshop/depot, plus legal/professional advice and service. It is therefore prudent that a devolution budget proposal be included in this year's annual precept to take on these new responsibilities. Whilst the Council is not clear on exactly how much is required and when, it is anticipated that discussions with EBC will develop at a fast-paced rate in the year, hence the proposed establishment of this Devolution budget.

Concluding comments

The Task and Finish Group have had the opportunity to review the process that has been followed to develop the draft budget proposals for 2025/26. They have been able to identify some of the key budget pressures and issues for the Council and consider how these are being managed.

In scrutinising the specific draft budget proposals for 2026/26 members have been able to query some perceived budgetary risks and the extent to which the budget proposals reflect the Council's priorities. Where budget proposals had not been fully supported by a robust business case, they were not approved.

The Budget Task & Finish Group ask the Council to support its recommendation not to support any supplementary budget requests throughout this financial year, unless it is to support an unforeseen failing that poses a health and safety risk.

At this point in time, the Task and Finish Group are satisfied that the process to develop the draft budget proposals for 2025/26 has been robust and that many budget pressures and risks

are being adequately identified and managed.

For ease of reference, the main 2025/26 budget proposals recommended by the Group include: -

General:

- That the proposed budget (attached at Appendix 1 confidential) be approved.
- That the precept of £632,716 be approved.

Precept & Fees & Charges:

- That there be an increase in the 2025/26 precept representing a 43p increase per week for a Band D property.
- That the fees and charges attached at Appendix 2 be approved with a 2.5% increase.

Staffing budget:

- That the staff budget set out in Appendix 3 be approved (confidential paper).

Use of Ear Marked Reserves:

- That the Ear Marked Reserves, as set out in Appendix 4 be agreed.

The budget will be formally approved at the Full Council meeting on 20 January 2025 for submission to Eastleigh Borough Council as part of setting the Council tax base.

***Appendix 1 – Full budget book 2025/26**

***Appendix 2 – Fees and Charges 2025/26**

***Appendix 3 – Staff budget 2025/26 (strictly confidential)**

***Appendix 4 – Ear Marked Reserves**

Appendix 5 – Financial risk matrix

***Shown in the final report to Council – 20 January 2025**

Appendix 5

Financial Risk Matrix for Fair Oak and Horton Heath Parish Council

Likelihood / Impact	Minor (1)	Moderate (2)	Major (3)	Catastrophic (4)
Almost Certain (5)	Moderate	High	Very High	Critical
Likely (4)	Low	Moderate	High	Very High
Possible (3)	Low	Low	Moderate	High
Unlikely (2)	Very Low	Low	Moderate	Moderate
Rare (1)	Very Low	Very Low	Low	Low

Risk Matrix Structure

- **Likelihood** (vertical axis): Ranges from "Rare" (least likely) to "Almost Certain" (most likely).
- **Impact** (horizontal axis): Ranges from "Minor" (minimal impact) to "Catastrophic" (severe impact).

This table presents the financial risks for Fair Oak and Horton Heath Parish Council, detailing the likelihood, impact, and risk levels for each identified risk. It provides a structured approach to assessing and managing financial risks to ensure the Council's financial stability.

Financial Risks for Fair Oak and Horton Heath Parish Council

Risk	Likelihood	Impact	Risk Level	Description	Mitigation Strategies
Loss of Key Funding Sources	Possible (3)	Major (3)	High	Loss of core funding, such as Government grants/precepts and section 106 funds could significantly affect operations.	Diversify funding sources, establish contingency plans, and monitor funding landscape to anticipate changes.
Fraud or Misappropriation of Funds	Unlikely (2)	Catastrophic (4)	Moderate	Inadequate financial controls could lead to fraud or misuse of funds, resulting in severe financial loss and reputational damage.	Implement robust internal controls, conduct regular audits.
Inaccurate Financial Reporting	Possible (3)	Major (3)	Moderate	Errors in financial reporting could lead to poor	Enhance financial reporting

Risk	Likelihood	Impact	Risk Level	Description	Mitigation Strategies
				decision-making or misallocation of resources.	systems, provide regular training ,and implement additional layers of review to ensure accuracy.
Economic Downturn	Likely (4)	Major (3)	High	Economic recession could reduce funding, increase costs, and hinder service delivery.	Prioritize essential services, and reduce costs in non-critical areas. Monitor economic trends
Failure to Comply with Financial Regulations	Possible (3)	Major (3)	High	Non-compliance with financial regulations (e.g., VAT, audits) could result in penalties and reputational damage.	Establish a compliance framework, schedule regular audits, and provide ongoing training on financial regulations.
Budget Overrun	Likely (4)	Moderate (2)	High	Exceeding project budgets can strain financial resources and require cuts in other areas. Particularly in the staffing budget which is the largest single cost for The Council.	Introduce tighter budget controls, and track expenses closely. Ensure flexibility to adjust in case of unforeseen cost increases.
Legal Liabilities	Unlikely (2)	Catastrophic (4)	Moderate	Legal claims against the council (e.g., personal injury) could result in significant costs and legal fees.	Purchase adequate insurance coverage, establish a legal risk management plan, and review policies and procedures to mitigate liability exposure.

Risk	Likelihood	Impact	Risk Level	Description	Mitigation Strategies
Investment Losses	Rare (1)	Major (3)	Low	Investment losses due to market downturns could affect available funds. This risk may increase should The Council invest funds away from the Public Sector fund and into other investment funds.	Adopt a conservative investment strategy, diversify investments to reduce exposure to volatile markets, and regularly assess investment performance.
Inability to Meet Pension Liabilities	Possible (3)	Major (3)	High	Pension liabilities could become difficult to meet if funding shortfalls or market losses occur.	Conduct regular pension fund reviews

How to Use This Matrix

Identify Potential Risks: Each financial risk is assessed within the matrix based on its likelihood and potential impact on the council's operations.

Evaluate and Prioritize: Focus on risks that are categorized as "Very High" or "Critical," as these pose the greatest threat to the council's financial stability. Develop strategies to mitigate these risks first.

Develop Mitigation Strategies: Implement preventive measures, such as strengthening financial controls, diversifying revenue sources, and regularly monitoring budgets, to reduce the likelihood and impact of identified risks.

Regular Review and Monitoring: The risk matrix should be reviewed periodically (at least annually) to ensure it reflects current financial conditions, regulations, and council activities.

Appendix 4

Fair Oak & Horton Heath Parish Council

Earmarked Reserves

	Account	Opening Balance	Net Transfers	Closing Balance
316	EMR - Community Develpment Pos	111,696.97	-22,501.68	89,195.29
317	EMR- Community Development Pro	62,299.06	-3,192.95	59,106.11
325	EMR - Knowle Park	225.05	15,000.00	15,225.05
340	EMR - Knowle Park Office &comp	1,303.88	-283.33	1,020.55
345	EMR - Lapstone Farm	60,273.24	-39,430.36	20,842.88
350	EMR - Horton Heath CC	2,708.30		2,708.30
375	EMR -New Century Park	-75,948.91	81,448.91	5,500.00
386	EMR - Splashpad Playarea	0.00	13,000.00	13,000.00
387	EMR - Skate Ramp	0.00	14,000.00	14,000.00
388	EMR - Play Strategy	0.00	15,500.00	15,500.00
390	EMR - HHCC Flooring	40,250.00		40,250.00
391	EMR - New playarea Provision	8,000.00	-3,879.27	4,120.73
392	EMR - Meadowsweet play area	0.00	5,500.00	5,500.00
393	EMR - Pembers Playarea	0.00	5,100.00	5,100.00
394	EMR -Public Art	11,421.60	-5,300.00	6,121.60
395	EMR - Onsite Maint Knowle Park	4,850.91		4,850.91
396	EMR- Woodland Play Area	21,400.00	5,200.00	26,600.00
398	EMR - Greening Campaign	35.00		35.00
399	EMR- Brookfield Carpark	18,000.00		18,000.00
		266,515.10	**80,161.32**	**346,676.42**